## Message Text

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**ACTION EB-03** 

INFO OCT-01 SS-14 ISO-00 EA-13 AGR-03 NSCE-00 NSC-10

CIAE-00 INR-10 NSAE-00 RSC-01 PRS-01 COME-00 STR-01

CIEP-01 L-02 DRC-01 (ISO) W ------ 104304

R 120619Z NOV 73 FM AMEMBASSY MANILA TO SECSTATE WASHDC 9103

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LIMDIS

E.O. 11652: GDS TAGS: EAGR, RP

SUBJECT: SUGAR IMPORT QUOTAS

REF: STATE 216291

- 1. SINCE MY ARRIVAL HERE, I HAVE BEEN PERPLEXED BY THE CASUAL AND APPARENTLY UNCOORDINATED MANNER IN WHICH THE U.S. DEPT. OF AGRICULTURE HANDLES THE MATTER OF SUGAR IMPORT QUOTAS. WHENEVER THERE IS A CHANGE MADE IN THE ALLOCATION OF IMPORTS AFFECTING THE PHILIPPINES, I INVARIABLY HAVE LEARNED ABOUT IT FROM THE NEWSPAPERS AFTER THE DECISION HAS BEEN MADE AND ANNOUNCED BY AGRICULTURE IN WASHINGTON.
- 2. BECAUSE THESE DECISIONS HAVE FOREIGN POLICY IMPLICATIONS, I ASKED MY AGRICULTURE ATTACHE TO REQUEST HIS DEPARTMENT TO COORDINATE THESE MATTERS IN ADVANCE WITH THE DEPT. OF STATE. HE RECEIVED A POLITE AND RESPONSIVE REPLY FROM AGRICULTURE ASSURING HIM THAT THIS COORDINATION WOULD BE DONE.
- 3. THE DAY AFTER I WAS SHOWN THAT REPLY, I READ IN THE LOCAL PRESS THAT AGRICULTURE HAD ANNOUNCED ITS 1974 CONFIDENTIAL

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ALLOCATIONS, PROVIDING A SUBSTANTION INCREASE TO THE

PHILIPPINES. THIS NEWS WAS SUBSEQUENTLY CONFIRMED BY A CABLE FROM THE DEPT. ON NOVEMBER 10, WE RECEIVED REFTEL ADVISING THAT NEW 1973 ALLOCATIONS HAD BEEN MADE (AGAIN INCREASING THE PHILIPPINES SHARE) AND REPORTING THAT AGRICULTURE HAD ANNOUNCED THIS FACT ON NOVEMBER 9.

- 4. ON TOP OF ALL THIS, THE LOCAL PRESS OVER THIS PAST WEEKEND HAS BEEN FULL OF A STORY QUOTING ONE ARTHUR B. CALCAGNINI OF THE DEPT. OF AGRICULTURE TO THE EFFECT THAT AGRICULTURE "THINKS" THE SUGAR QUOTA SYSTEM SHOULD BE SCRAPPED. THIS GEM HAS BEEN RAPIDLY FOLLOWED BY QUOTES FROM CONGRESSMAN POAGUE TAKING SHARP EXCEPTION TO THE AGRICULTURE STATEMENT.
- 5. I HAVE BEEN ASKED BY THE SUGAR CLUB OF THE PHILIPPINES TO MEET WITH THEM AND GIVE SOME EXPLANATION OF THESE CONFUSING REPORTS. BECAUSE I HAVE NO RPT NO GUIDANCE, I HAVE DEMURRED, AND ASKED TO HAVE THE MEETING SCHEDULED SOME TIME IN DECEMBER, WHEN I HOPE TO BE BETTER INFORMED.

6. IT SEEMS TO ME HIGH TIME THAT THE BUREAUCRATIC BARONS IN AGRICULTURE BE BROUGHT TO SOME SORT OF INTERDEPARTMENTAL RUNNYMEDE AND INFORMED THAT THEIR PUBLIC MUSINGS AND PRIVATE DECISIONS HAVE AN IMPACT ON FOREIGN POLICY. THEY SHOULD BE ADVISED THAT THE U.S. GOVERNMENT (WITH WHICH THEY SEEM LOOSELY ASSOCIATED) IS CONDUCTING SENSITIVE ECONOMIC NEGOTIATIONS WITH THE GOVERNMENT OF THE PHILIPPINES IN WHICH THE MATTER OF U.S. SUGAR IMPORTS WILL PLAY A CONSIDERABLE PART. THEY SHOULD BE INCORPORATED INTO THE FOREIGN POLICY MECHANISM CLOSELY ENOUGH SO THAT OUR LARGER NATIONAL INTERESTS WILL BE ASSERTED IN THEIR DELIBERATIONS.

## 7. ACTION REQUESTED:

- (A) ESTABLISHMENT OF A MECHANISM TO MAKE AGRICULTURE ASSOCIATED WITH FOREIGN POLICY CONSIDERATIONS ON THE SUBJECT OF SUGAR IMPORTS;
- (B) DEVELOPMENT OF A POLICY STATEMENT WITH RESPECT TO U.S. SUGAR POLICY, WHICH I CAN HAVE IN MY HANDS BY DECEMBER 1 FOR USE WITH THE SUGAR CLUB OF THE PHILIPPINES, AND FOR GENERAL UTILITY IN OUR AER NEGOTIATIONS WITH THE CONFIDENTIAL

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GOVERNMENT OF THE PHILIPPINES. SULLIVAN

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## Message Attributes

Automatic Decaptioning: Z Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: SUGAR, PRESS COMMENTS, FOREIGN RELATIONS, IMPORT QUOTAS, APPROPRIATIONS, PUBLIC ADMINISTRATION

Control Number: n/a Copy: SINGLE Draft Date: 12 NOV 1973 Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANII A12678

Document Number: 1973MANILA12678 Document Source: CORE Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: GS Errors: N/A Film Number: n/a From: MANILA

Handling Restrictions: n/a

Image Path:

Legacy Key: link1973/newtext/t19731140/aaaabdcs.tel Line Count: 109 Locator: TEXT ON-LINE Office: ACTION EB

Original Classification: CONFIDENTIAL Original Handling Restrictions: LIMDIS Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators:
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: LIMDIS Reference: STATE 216291

Review Action: RELEASED, APPROVED
Review Authority: golinofr Review Comment: n/a Review Content Flags: Review Date: 04 DEC 2001

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <04-Dec-2001 by cunninfx>; APPROVED <21-Dec-2001 by golinofr>

**Review Markings:** 

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: SUGAR IMPORT QUOTAS

TAGS: EAGR, RP To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005